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January 7, 2003

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 24274-A FILED
JAN 08 '03 12-04 PM
SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of December 2, 2002, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Commercial Security Agreement which is being filed with the Board under Recordation Number _____.

The name and address of the party to the enclosed document are:

Debtor: Browner Turnout Company
Rt. 1 Box 45
Brook, NE 68320

[Lender: The Peoples State Bank of Newton
100 W. Washington
P.O. Box 328
Newton, IL 62448]

A description of the railroad equipment covered by the enclosed document is:

75 boxcars within the series SFS 211603 – SFS 212075

Mr. Vernon A. Williams
January 7, 2003
Page Two

A short summary of the document to appear in the index follows:

Memorandum of Mortgage

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a stylized flourish extending to the right.

Robert W. Alvord

RWA/anr
Enclosures

MEMORANDUM OF MORTGAGE

Memorandum of Mortgage, made and entered into as of December 2, 2002, between **Browner Turnout Company, a Nebraska Corporation (the "Debtor")** and **The Peoples State Bank of Newton, as mortgagee (together with its successors and permitted assigns, the "Lender")**. Terms used in this instrument have the meanings assigned thereto in the Security Agreement dated as of December 2, 2002 among the Debtor and the Lender.

WITNESSETH:

The undersigned has entered into the Security Agreement by which it has granted a first priority security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Lender in order to secure the obligations aas described in the Security Agreement.

IN WITNESS WHEREOF, the Debtor has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

Browner Turnout Company

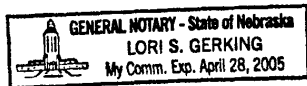
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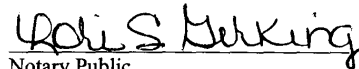
R. Robert Butler, President

STATE OF NEBRASKA

COUNTY OF

On the 2nd day of December in the year 2002 before me personally came R. Robert Butler to me known, who, being by me duly sworn, did depose and say that he resides at Route 1 Box 45, Brock, Nebraska; that he is the President of Browner Turnout Company, the corporation described in and which executed the above instrument; and that he signed his name thereto by authority of the corporation.




Notary Public

RECORDATION NO. 24274-1A

JAN 08 '03

12-04PM

SURFACE TRANSPORTATION BOARD

EXHIBIT A
UNITS

	Numbers		Numbers		
1	SFS00211603	37	SFS00212265	74	SFS211616
2	SFS00211649	38	SFS00212268	75	SFS212075
3	SFS00211744	39	SFS00212276		
4	SFS00211753	40	SFS00212280		
5	SFS00211759	41	SFS00212282		
6	SFS00211760	42	SFS00212289		
7	SFS00211773	43	SFS00212316		
8	SFS00211839	44	SFS00212346		
9	SFS00211843	45	SFS00212440		
10	SFS00211884	46	SFS00212585		
11	SFS00212014	47	SFS00212603		
12	SFS00212023	48	SFS00212662		
13	SFS00212048	49	SFS00212620		
14	SFS00212050	50	SFS00212637		
15	SFS00212052	51	SFS00212646		
16	SFS00212054	52	SFS00212656		
17	SFS00212109	53	SFS00212669		
18	SFS00212128	54	SFS00212716		
19	SFS00212131	55	SFS00212737		
20	SFS00212145	56	SFS00212744		
21	SFS00212165	57	SFS00212749		
22	SFS00212170	58	SFS00212751		
23	SFS00212173	59	SFS00212757		
24	SFS00212199	60	SFS00212758		
25	SFS00212232	61	SFS00212766		
26	SFS00212246	62	SFS00212774		
27	SFS00212221	63	SFS00212785		
28	SFS00212108	64	SFS00212347		
29	SFS00212627	65	SFS00212642		
30	SFS00212255	66	SFS00212103		
31	SFS00212194	67	SFS00212116		
32	SFS00212024	68	SFS00212220		
33	SFS00212203	69	SFS00212692		
34	SFS00211633	70	SFS00212764		
35	SFS00212035	71	SFS00212118		
36	SFS00212130	72	SFS00212270		
		73	SFS00210642		

EXHIBIT B

Railcar Lease

Browner Turnout Co. is pleased to submit this per diem utilization lease for Fifty-Foot Boxcars with single sliding doors on August 5, 2002. The terms and conditions of our Lease are below:

Lessee:	Arkansas Midland Railroad
Lessor:	Browner Turnout Co
Type of Lease:	Per Diem
Type of Railcars:	50' 70 ton Boxcars
Number of Cars:	75 (Exhibit A.)
Rental:	In lieu of monthly rental, Lessor will retain all off line time and mileage monies collected. The railcars will operate free while on the AKMD line. The cars shall have base earnings of \$243.00 per month per car for a quarterly base rate of \$730.00. On a quarterly basis the Lessor and Lessee will split any amount of money earned from hourly earnings over the base rate 50/50.
Car Hire Rates:	Vary from car to car.
Base Lease Term:	48 months
Reporting Marks:	Lessor's marks.
Delivery Location:	Lexa, Arkansas
Delivery Costs:	All transportation costs to Lexa, Arkansas, are in the account of the Lessor.

Return Provisions: Lessor will be responsible for all return charges to a storage location. Lessee agrees to work with Lessor in returning the cars off a revenue load if feasible and providing 30 days of free car storage upon termination of lease.

Other Matters: Lessee will be responsible for loading and unloading devices and damage caused by the negligence of lessee or its customers. This is a "Full Service Lease"; meaning Lessee is only responsible for the terms stated herein. Lessor will be responsible for normal running repairs due to ordinary wear and tear of the railcars and personal property taxes.

If this agreement is acceptable to the Arkansas Midland Railroad, please indicate by signing below.

Accepted: Arkansas Midland Railroad

BY: J.P. Levine

NAME: J.P. LEVINE

TITLE: PASSION

DATE: 9/5/02